

Message Text

UNCLASSIFIED

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TAGS: EMIN, EINV, ELAB, EGOV, CA

SUBJECT: INVESTMENT FIRM GIVES LABOR DECISION AS EXAMPLE OF MINING
DISINCENTIVE

1. SEPTEMBER 15 MARKET NOTES OF TORONTO INVESTMENT FIRM MOSS,
LAWSON & CO. LIMITED, WHILE OPTIMISTIC ON LONG-TERM, CATEGORIZES
SHORT-TERM OUTLOOK FOR MINING SECTOR AS BEARISH (EXCEPT IN
ALUMINUM AND ASBESTOS) DUE OVERSUPPLY, WEAK MARKETS AND NEED
FOR GENERAL ECONOMIC RECOVERY BEFORE BRITGHTENING OF METAL MARKET
CONDITIONS.

2. COMMENTARY CONTINUES: "NOT TO BE OVERLOOKED IS THE FACT
THAT THE POLITICAL ENVIRONMENTS -- NOT ONLY IN CANADA -- REMAIN
IS DISINCENTIVE TO BOTH THE INDUSTRY AND THE INVESTOR. A RECENT
EXAMPLE IN CANADA IS ASTOUNDING RULING BY THE GOVERNMENT'S
LABOUR RELATIONS BOARD WHICH HAS UPHELD THE UNION'S RIGHT TO
PICKET OTHER MINES CONTROLLED BY THE SAME COMPANY DURING A LEGAL
STRIKE. THE RAMIFICATIONS OF THIS JUDGMENT COULD BE IMMENSE TO
SENIOR COMPANIES OPERATING IN THAT PROVINCE WITH A NUMBER
OF CONTROLLED SUBSIDIARIES. WITHOUT FURTHER POSITIVE
GOVERNMENT INTERVENTION, A STRIKE AT ANY SUBSIDIARY COMPANY
WOULD NOT UNDOUBTEDLY RESULT IN THE WHOLE FAMILY OF COMPANIES
BEING STRUCK."
DIGGINS

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